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# **USAID's Agribusiness Project Quarterly Report**

From 10<sup>th</sup> November to 31<sup>st</sup> December 2012

Compiled By  
Fida Muhammad and Khalid Khan



**Agribusiness Support Fund**

## PROJECT SUMMARY

10<sup>th</sup> November to 31<sup>st</sup> December 2011

<b>Implementing Partner:</b> Agribusiness Support Fund
<b>Project Name:</b> USAID's Agribusiness Project (UAP)
<p>Intermediate Result:</p> <p style="padding-left: 40px;">Increased Income Generating Opportunities</p> <p>Sub-Intermediate Result:</p> <p style="padding-left: 40px;">Competitiveness of Horticulture and Livestock Value Chains Increased</p>
<p>Project Objective:</p> <ul style="list-style-type: none"> <li>▪ To strengthen the capacity in horticulture and livestock value chains to increase sales to domestic and foreign markets;</li> <li>▪ To strengthen the capacity of smallholders and farmer enterprises to operate autonomously and effectively; and</li> <li>▪ To increase agriculture efficiency and productivity through adoption of new farming techniques and technological innovation among targeted beneficiaries.</li> </ul>
<b>Cooperative Agreement No.:</b> Cooperative Agreement No. AID-391-A-12-00001
Life of Activity (start and end dates): November 10, 2011 – November 09, 2016
Total Estimated Agreement Amount: \$ 89,412,942
Obligations to date: \$10,300,000
Accrued Expenditures this Quarter: \$130,042
Activity Cumulative Accrued Expenditures to Date: \$ 130,042
Estimated Expenditures Next Quarter: \$ 755,000
<p><b>Report Submitted by:</b> <u>Fida Muhammad</u> Director, Monitoring, Evaluation and Communication</p> <p><b>Report Reviewed By:</b> <u>Khalid Khan</u> Chief of Party</p> <p style="text-align: right;"><b>Submission Date:</b> <u>31<sup>st</sup> January 2012</u></p>

## **1 INTRODUCTION**

### **1.1 Overview of the Project**

The USAID's Agribusiness Project (Cooperative Agreement No. AID-391-A-12-00001) was commissioned by USAID on 10<sup>th</sup> November, 2011 for a period of 5 years and is being implemented by Agribusiness Support Fund (ASF). The target sub-sectors for the Project are horticulture and livestock (including dairy and fisheries).

The Project was designed to address the priority problems and constraints impeding the development of agriculture sector in Pakistan. Interventions under the project will focus on improving and strengthening off-farm and on-farm activities by enhancing competitiveness of enterprises to explore and exploit their potential in both domestic and international markets. Keeping in view the diversity and spread of agriculture production in Pakistan, and with a view to ensure effective implementation, a sub-sector cluster approach is being adopted by the Project, whereby areas with the greatest potential for value addition, employment creation and outreach will be prioritized and targeted. While the project has geographical coverage of the entire country, a purposeful attempt is being made to target the underserved areas within Khyber Pakhtunkhwa, Baluchistan, FATA, Southern Punjab and Northern Sindh.

The project will serve as a catalyst to mobilize the private sector's investment in agribusinesses and related enterprises as a means for NGOs/RSPs, BDSPs and other community organizations (FEGs/KFS) to provide agribusiness support services in their communities with the ultimate objective to strengthen private sector value chains to become commercially viable and sustainable. Implementation of activities will be carried out in collaboration with international and local partner organizations with relevant experience in marketing / enterprise development, value chains and rural development related activities. The target value chains and underlying market systems will be facilitated to evolve so that market operators in the private sector assume the primary role for value chain functions on a sustainable basis.

### **1.2 Overall Goal**

The overall goal of the USAID's Agribusiness Project is to support improved conditions for broad-based economic growth, create employment opportunities and contribute to poverty alleviation through increase in competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

### **1.3 Specific Objectives**

Specific objectives of the project are to;

- strengthen the capacity in horticulture and livestock value chains to increase sales to domestic and foreign markets;
- strengthen the capacity of smallholders and farmer enterprises to operate autonomously and effectively; and,
- increase agriculture efficiency and productivity through adoption of new farming techniques and technological innovation among targeted beneficiaries.

### **1.4 Project Components**

The Project activities are organized under two components (having several sub-components). The two program components are; (i) technical assistance (TA) for capacity building and program support; and, (ii) partnership window cost-sharing grants.

Under component-1, The Project will offer on-going technical and capacity building assistance to upgrade and strengthen the priority value chains in horticulture and livestock sub-sectors and will serve as a basis to facilitate interventions under the cost-sharing partnership window. Component-1 encompasses four sub-components including; (1) International Technical Assistance & Program Delivery Support, (2) International Market Linkages Development, (3) Kissan Field (Schools) (KFS), and (4) Capacity Building, Training & Awareness.

Component-2 of the Project involves launching of a national cost-sharing grants program, offering a wide range of customized grant products to all players within the selected priority value chains. These cost-sharing grants will be provided to and implemented, in partnership, with key stakeholders following a grant appraisal and approval procedure. Within the priority value chains, support will be provided to agribusinesses (including processors, exporters, marketers, value adding and other related SMEs), farmers and farmer enterprise groups for better integration into domestic and export market chains. Grants will also be provided to farmers' associations, processors and exporters, transporters, service providers, universities and research institutes, Non-Governmental Organizations, Rural Support Programs (RSPs) and other key players in order to address weakness and market failures with the ultimate objective to strengthen private sector and market systems.

## **1.5 Quarterly Report-1**

This quarterly report is submitted as required under the cooperative agreement and covers the period from 10th November to 31st December 2011. The report covers briefly the actual accomplishments and its comparison to the planned targets and its relations to the established goals and objectives of the project, and expected results. Data is presented using established indicators given in the project logical framework supported by a brief description. As this report pertains to the early stages of the project's inception, it broadly reports on the output of projects in both quantitative and qualitative forms. The report also lists issues and constraints that have affected the performance and reasons for delays encountered, if any, and as to how activities were accordingly adjusted or retargeted. It also provides a summary of the financial expenditures during the quarter.

This report is based on the activities and outputs planned in the yearly work plan. In the subsequent years focus will be shifted from activities and output reporting to outcome reporting.

## 2 PROGRESS DURING THE QUARTER

### 2.1 Progress Summary

The project was formally initiated upon signing of the cooperative agreement on 10<sup>th</sup> November 2011. Major activities undertaken during the reporting period included mobilization of human resources for the start-up phase, recruitment of staff, establishing/renting office premises, drafting of contract for technical assistance (to be provided by CNFA), development of the first year's work plan, designing of grants manual and initiation of profiling of the horticulture and livestock sub-sectors in Pakistan.

During the quarter, the major focus was on setting up offices and recruitment of staff. In addition consultations were also initiated with key stakeholders in the horticulture and livestock sub-sectors.

### 2.2 Brief Narrative on the Progress

#### 2.2.1 Staffing and Establishment

Soon after signing of the cooperative agreement, staff recruitment was initiated in accordance with the approved HR policy of ASF. All positions were advertised in leading dailies as well as posted on ASF's website. An overwhelming response was received from all over the country and several candidates applied for each position advertised. Short-listing of candidates was based on a set criteria followed by assessment through interviews. The following table shows details of the staffing status as on 31<sup>st</sup> December 2012.

Table 1: Status of Staffing as on 31st December 2012

Progress By Location	Achievements During the Quarter 10th November - 31st Dec 2012		Cumulative Total As on 31st Dec 2012
	Male	Female	
Project Office	4	2	6
ASF Head Office	19	1	20
Regional Office-Lahore	1	-	1
Regional Office-Peshawar	13	1	14
Regional Office-DI Khan	10	-	10
Regional Office-Gilgit	9	3	12
Regional Office-Sukkur	5	1	6
Regional Office-Karachi	9	3	12
Regional Office-Multan	3	-	3
Regional Office-Faisalabad	-	-	-
Regional Office-Quetta	-	-	-
<b>Total</b>	<b>73</b>	<b>11</b>	<b>84</b>

The project has a target of establishing a project office and regional office in 9 areas of the country. As on 31<sup>st</sup> December 2011, premises for the project office in Islamabad and regional office in Peshawar were acquired on rent whereas the head office of ASF and regional office in Multan was already functional but needed strengthening. Following table gives detail of office establishment;

Table 2: Status of Establishing Project Offices

Progress By Location	Targets No.	Achievements During the Quarter:	
		10th November - 31st Dec 2012	Cumulative Total As on 31st Dec 2012
Project Office/ASF Head Office	2	1	1
Regional Offices	9	2	2

## 2.2.2 Mobilization of International Sub-contractor

Under the technical proposal ASF proposed a sub-agreement with CNFA for the provision of technical assistance in program implementation. Contract for international sub-contractor (CNFA) was prepared and shared with CNFA. Approval and mobilization was planned to commence during the next quarter.

## 2.2.3 Work Planning and Detailed Implementation Plan

Work planning and scheduling exercise was initiated and a draft yearly work plan for the first year was drafted and submitted to USAID for review and approval. The proposed work plan consisted of a detailed scope of work in the first year and timeline for various activities to be undertaken.

## 2.2.4 Communication

Domain names for the Project website were reserved. A test domain name has already been hosted and a website template will be developed in the next reporting period.

## 2.2.5 Development of Grant Manual

One of the critical requirements under the project is the development of the grant manual which structures the grant appraisal and approval mechanisms. The grant department initiated work on the development of the Draft Grant Manual which will be shared with USAID in the next quarter. This manual once approved and institutionalized, will help in automation and streamlining of the grant management system of the Project.

# 3 PERFORMANCE DURING THE QUARTER

The current reporting period is too early to measure and report performance of the Project. As the project implementation undergoes progress, performance as measured against the indicators will be reported. The following paragraphs cover the structure of the performance reporting which will be substantiated with data in the coming quarters.

<b>Intermediate Result 1:</b>	<b>Increased income generating opportunities</b>
Performance Indicator 1.1:	Number of full-time equivalent jobs created as a result of project assistance
Performance Indicator 1.2:	Percent increase in the incomes of project assisted beneficiaries

<b>Status:</b>	1.1 As of December 31 <sup>st</sup> , 2011, 84 person years of jobs was created directly as a result of the Project recruitment in various regions.
	1.2 As of December 31 <sup>st</sup> , 2011, no assessment has been done to measure increase in income.

**Scope:** The UAP is expected to generate direct and indirect full-time equivalent employment of 1.3 million through its various interventions. The centres of job-creation would be the agribusiness enterprises, including farmer enterprise groups, kisan field schools, processing and marketing enterprises which will have a triggering affect on job creation in allied industries and service providers. The project will strive to create impact on gender and marginalised communities as well. Job creation will address poverty—through the creation of employment, and the development of market-oriented enterprises and help to reduce the vulnerability of small holders in the domestic and international markets—especially for women. In the first two years, job creation will be relatively slower, thereafter picking momentum since the easy phase will consist primarily of planning, preparation and initiation. Nevertheless job creation will remain the overriding focus of all interventions. A standard definition of employment will be adopted by the Project once agreed by USAID.

Increase in income is the second indicator which will be impacted under the project. The project is expected to raise income of agribusiness enterprises and individuals engaged directly and indirectly in project related activities. A baseline will be established through a study to be undertaken in the next two quarters. Increase in the income will be measured compared to the baseline situation.

**Update:** Significant progress was made on preparatory steps required before launch of field activities which will generate employment and increase in incomes. This included the development of the work plan and initiating designing of the grant manual.

<b>Intermediate Result 1.1:</b>	<b>Strengthened Market Linkages in Select Value Chains</b>
Performance Indicator 1.1.1:	Percent increase in sales by project assisted beneficiaries
Performance Indicator 1.1.2:	Number of new contract issues between buyers and sellers

**Status:**

1.1.1 As of December 31<sup>st</sup>, 2011, preparatory steps were made to plan for the achievement against this indicator.

1.1.2 As of December 31<sup>st</sup>, 2011, preparatory steps were made to plan for the achievement against this indicator.

**Scope:** The project will assist in strengthening capacity within the value chains in horticulture and livestock sub-sectors to increase sales to domestic and foreign markets. During the first year, the focus will be on developing criteria for prioritization/selection of priorities within the selected value chains to be eligible for technical assistance and capacity building support. Specific support will be in acquiring export, quality assurance and food-safety compliance certifications; participation in international exhibitions, trade shows, exposure visits etc.; organization of stakeholders participatory platforms. An international firm will be engaged to structure and implement a comprehensive market linkages program to link selected project beneficiary enterprises with international markets chains, including buyers targeting high end markets inside the country.

**Update.** Preparatory steps were initiated including review of secondary information and formation of value chain platforms and collaborative arrangement with international certification bodies.

<b>Intermediate Result 1.2:</b>	<b>Strengthened Capacity of Small-holders and farmer enterprises</b>
Performance Indicator 1.2.1:	Percent assisted associations get registered and 50% of these negotiate contracts
Performance Indicator 1.2.2:	Percent of women producers' groups negotiate marketing contract with commercial buyers
Performance Indicator 1.2.3:	Percent of small-holders benefit from new agreements with buyers

**Status:**

1.2.1 As of December 31<sup>st</sup>, 2011, preparatory steps were made to plan for the achievement against this indicator.

1.2.2 As of December 31<sup>st</sup>, 2011, preparatory steps were made to plan for the achievement against this indicator.

1.2.3 As of December 31<sup>st</sup>, 2011, preparatory steps were made to plan for the achievement against this indicator.

**Scope:** Through the project interventions, capacity of smallholders and farmer enterprises will be strengthened to operate in a commercially viable manner and effectively undertake value addition, processing and marketing. First year's strategy towards achievement of this objective will involve organization of technical and managerial training program in partnership with universities and training institutes; organization of Kisan Field Schools in the selected value chains; technical assistance and capacity building of BDS providers; formation of Farmer Enterprise Groups (FEGs) in partnership with NGOs / RSPs; and matching-grants support to FEGs and associations.

**Update:** Significant progress was made during the quarter regarding development of Memorandum of Understanding (MoU) for entering into collaborative activities with training institutions for technical and managerial training. Consultations were also initiated with institutions who partnered with ASF in formation of FEGs in the past.

<b>Intermediate Result 1.3:</b>	<b>Improved Technological Innovations</b>
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Performance Indicator 1.3.1:	Percent of project assisted beneficiaries using improved technological innovation and practices
Performance Indicator 1.3.2:	Percent increase in yield in project assisted value chains
Performance Indicator 1.3.3:	Percent reduction in dairy, horticulture and fisheries post harvest losses
Performance Indicator 1.3.4:	Percent of farms/farmers have access to quality /effective off-farm storage/cold-chain, processing and export markets for their products

**Status:** As of December 31<sup>st</sup>, 2011, preparatory steps were made to plan for achievement against all the above indicators.

**Scope:** This intermediate result focuses on increasing agricultural efficiency and productivity through adoption of new on-farm and off-farm techniques and technological innovation among targeted beneficiaries. While all of the afore-mentioned activities, particularly KFS, FEGs and Technical Trainings, will also contribute towards achievement of this objective, the Project will also provide focused matching-grants support to farmers and enterprises to support investment in adoption of new techniques and technical innovation in production, processing and marketing.

## 4 FINANCIAL PROGRESS

The financial progress during the quarter is given in .

Table 3 : Financial Progress During the Quarter ending 31st December 2011

Head of Account	Nov,2011	Dec, 2011	Total
	Amount ( US\$)	Amount ( US\$)	
Salaries Wages & Benefits	27,690	58,510	<b>86,200</b>
Fringe Benefits	3,553	13,650	<b>17,203</b>
Travel	993	4,928	<b>5,921</b>
Other Direct Cost	3,109	17,608	<b>20,718</b>
<b>Total</b>	<b>35,345</b>	<b>94,697</b>	<b>130,042</b>

## 5 PROBLEMS AND OPPORTUNITIES

Employment creation, income generation and increase in sales are the major outcomes which are not only challenging but require a relatively long gestation period. The strategy to produce the desired outcomes require multi-dimensional interventions but in an integrated manner. The project is currently in its inception phase and work is being conducted on development of systems, modalities and approaches to better target its interventions and effectively achieve the outcomes during the life of the project.

Another key challenge is the volatile security situation in some of the project target areas which may hamper the timely implementation of the activities and achieving results. Mitigation measures are being undertaken by the project to address such and other potential risks.

## 6 CHANGES IN PLANNED ACTIVITIES

No major activity changes are taken during the quarter. The first work plan is developed and will be implemented and monitored. Changes, if any required, will be identified in the coming quarters.



## 7 NEXT QUARTER RESULTS AND RELATED TASKS

Activities planned for the next quarter include the following;

1. Staffing and establishing offices; during the next quarter bulk of the staff hiring, office establishment and furnishing activities will be completed.
2. Work plan approval: it is expected that approval will be granted of the first years work plan which will lay the path for implementation of activities in the field.
3. Grant appraisal manual: the grant manual will be developed and finalized in the next quarter. Once approved, the grant manual will be used as guiding document for the appraisal and award of grants.
4. Development of performance monitoring plan: during the quarter, the project PMP will be developed and shared with USAID for review and approval. It is expected that PMP will be approved in the next quarter.
5. Contract for Technical Assistance: it is planned that contract for CNFA will be finalized and approved. Once contracted CNFA will mobilize various specialist for technical assistance to the project.
6. Preparatory activities: it is planned that preparatory activities including participatory horticultural/livestock appraisal, baseline and value chain studies will be initiated in the next quarter;
7. Software development: the development of integrated software will be initiated in the next quarter for automating grant, M&E, finance, HR functions of the project etc.
8. Pilot projects: priorities will be identified in the next quarter for pilot activities in various regions of the project.
9. Project launch workshops: formal launch of project will be made in all the regions of the project in the provinces/regions.
10. Capacity mapping and need assessment: a structured capacity mapping and capacity assessment will be undertaken for all the professional staff of the project. The analysis will be used to develop capacity building plan for the project.
11. Farmer Enterprise Groups (FEGs) formation: implementation plan and scope of work will be finalized in the form of RFA in the next quarter and shared with existing and potential partners of the project relevant to this sub-component.
12. Kisan Field School (FEGs): Conceptual proposal and implementation plan will be developed and approved in the next quarter for KFS in pilot clusters.

## 8 ANNEXURE-1: SUMMARY PERFORMANCE MONITORING REPORT

Strategic Assistance Objective: Improved Condition for broad-based growth

Performance indicators	Project Targets (Five Years Cumulative) 10 <sup>th</sup> November 2011 – 09 <sup>th</sup> November 2016	Project start-up to end of December 2011 10 <sup>th</sup> November 2011 – 31 <sup>st</sup> December 2016
<b>IR-1: Increased income generating opportunities</b>	1.3 million person years	84 person years
	20% increase in the income of beneficiaries	Preparatory activities are being implemented
<b>SIR-1.1: Competitiveness of Horticulture &amp; Livestock value chains increased</b>	20% increase in sales to domestic market – USAID assisted value chains	Preparatory activities are being implemented
	20% increase in sales to international market– USAID assisted value chains	Preparatory activities are being implemented
	40% increase in sales –USAID assisted beneficiaries in value chains	Preparatory activities are being implemented
<b>SIR-1.1.1: Strengthened market linkages in selected value chains</b>	40% increase in sales-domestic/international market	Preparatory activities are being implemented
	20% increase in value added of selected value chains-domestic/ international marketing	Preparatory activities are being implemented
	10 formal agreement negotiated between buyers and sellers	Preparatory activities are being implemented
<b>S-IR 1.1.2: Strengthened capacity of smallholders, farmer enterprises</b>	00 FEGs formed, trained and registered with RSPs/NGOs	Preparatory activities are being implemented
	80 of assisted Farmer Associations become registered as enterprises/cooperatives	Preparatory activities are being implemented
	100 cost-sharing grants received by FEGs/FEGs associations	Preparatory activities are being implemented

	50% having formal contracts for input supplies/produce sales/service acquisitions	Preparatory activities are being implemented
	30% of assisted women's producer groups have formal marketing contracts with buyers/input suppliers/service providers	Preparatory activities are being implemented
	Approximately 315,000 small holders benefiting from formal agreements with buyers	Preparatory activities are being implemented
<b>S-IR 1.1.3: Improved technological innovation</b>	70% of beneficiaries using improved technology and practices	Preparatory activities are being implemented
	20% increase in yields in project -assisted value chains	Preparatory activities are being implemented
	60% reduction in post-harvest losses in the case of beneficiaries within the horticulture and livestock sub-sectors	Preparatory activities are being implemented
	30% of cold storage capacity/processing capacity up-graded in project assisted beneficiaries within the target value chains	Preparatory activities are being implemented